Labour Market Bulletin

Alberta

April 2018

This Labour Market Bulletin provides an analysis of Labour Force Survey results for the province of Alberta, including the regions of Calgary, Edmonton, Central Alberta and Mountain Parks, Southern Alberta, and Northern Alberta.

OVERVIEW

At 2.32 million, employment in Alberta was essentially unchanged in April (-0.1%), following a modest net increase during the first three months of the year (Q1-2018). In April, gains in full-time jobs partially offset losses among those working part-time hours. Compared to April 2017, employment increased by 1.6%, just slightly ahead of the comparable figure Canada-wide (+1.5%).

Alberta Monthly Labour Force Statistics

Seasonally Adjusted Monthly Data	April 2018	March 2018	April 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Population 15 + ('000)	3,459.1	3,453.8	3,421.4	5.3	0.2	37.7	1.1
Labour Force ('000)	2,489.2	2,481.6	2,482.1	7.6	0.3	7.1	0.3
Employment ('000)	2,323.3	2,325.1	2,286.8	-1.8	-0.1	36.5	1.6
Full-Time ('000)	1,915.7	1,906.8	1,867.1	8.9	0.5	48.6	2.6
Part-Time ('000)	407.6	418.3	419.8	-10.7	-2.6	-12.2	-2.9
Unemployment ('000)	165.9	156.5	195.2	9.4	6.0	-29.3	-15.0
Unemployment Rate (%)	6.7	6.3	7.9	0.4	-	-1.2	-
Participation Rate (%)	72.0	71.9	72.5	0.1	-	-0.5	-
Employment Rate (%)	67.2	67.3	66.8	-0.1	-	0.4	-

Note: Totals may not add due to rounding

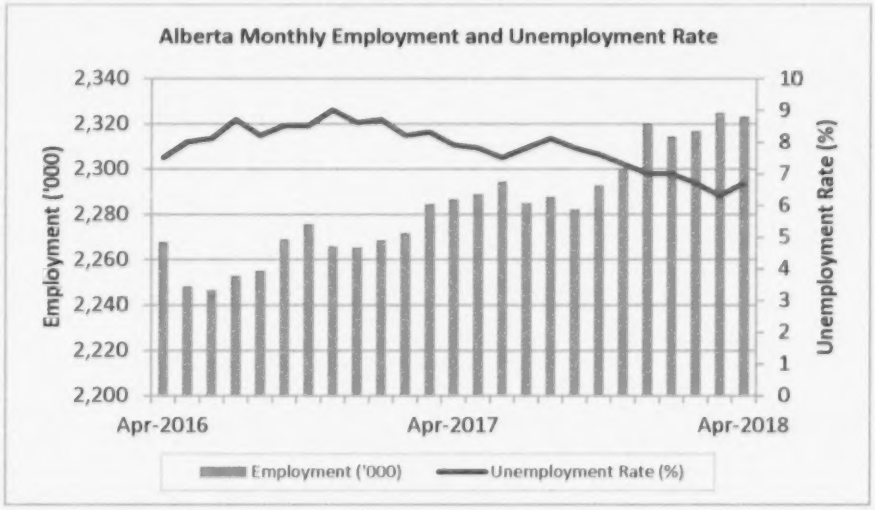
Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

On a month over month basis, Alberta's unemployment rate increased 0.4 percentage points in April. At 6.7%, it remains the highest among western provinces and almost a full percentage point above the national average (5.8%).

Hourly-paid Albertans worked 31.3 hours on average in February (the most recent data available). This was third among provinces and higher than the corresponding figure nationwide (30.1 hours). Meanwhile, at $1,158 per week, average earnings in Alberta remain the highest among provinces.[1]

In February (again the most recent data available), regular Employment Insurance beneficiaries decreased for the 15th time in 16 months. Women comprised 34% of regular EI beneficiaries in February, a relatively low figure, given that women currently make up 45% of the provincial labour force and represent 41% of provincial unemployment. Employment Insurance coverage is particularly low for young women, who account for just 25% of beneficiaries in the 15 to 24 years age group.[2] This low rate of coverage is not unusual in Canada as it results from differences in the number of hours typically worked.

Turning to category of worker, the number of private sector employees in Alberta increased on the month (+0.8%), up 1.4% since April of last year. On a year over year basis, public sector employment declined by 1.0%, while self-employment advanced by 5.2%.[3]



Alberta Monthly Unemployment Rates, by Gender and Age

Seasonally Adjusted Data	April 2018 (%)	March 2018 (%)	April 2017 (%)	Monthly Variation (% points)	Yearly Variation (% points)
Total	6.7	6.3	7.9	0.4	-1.2
25 years and over	5.8	5.2	7.0	0.6	-1.2
Men - 25 years and over	6.1	5.8	7.3	0.3	-1.2
Women - 25 years and over	5.4	4.5	6.6	0.9	-1.2
15 to 24 years	12.5	13.3	13.3	-0.8	-0.8
Men - 15 to 24 years	15.2	14.6	17.3	0.6	-2.1
Women - 15 to 24 years	9.5	11.9	9.0	-2.4	0.5

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0087

Focusing on the survey results for unemployment by major demographic grouping, most unemployment rates were lower in April than they were in April 2017. One exception was young women aged 15 to 24 years, whose rate increased 0.5 percentage points. On the year, the unemployment rate for young men decreased 2.1 percentage points. However, this apparent improvement came as their employment declined and about 8,000 young men exited the labour market.

EMPLOYMENT BY INDUSTRY

Employment in Alberta's goods-producing sector jumped sharply in April (+1.4%), while also posting significant year over year gains (+5.7%). By contrast, employment changed only marginally in the services-producing sector – down 0.6% on the month, and up 0.2% year over year.

Alberta Monthly Labour Force Statistics, by Industry

Seasonally Adjusted Data ('000)	April 2018	March 2018	April 2017	Monthly Variation		Yearly Variation	
				Number	%	Number	%
Total employed, all industries	2,323.3	2,325.1	2,286.9	-1.8	-0.1	36.4	1.6
Goods-producing sector	607.8	599.5	575.2	8.3	1.4	32.6	5.7
Agriculture	54.1	53.5	52.9	0.6	1.1	1.2	2.3
Forestry, fishing, mining, quarrying, oil and gas	152.7	153.0	141.5	-0.3	-0.2	11.2	7.9
Utilities	22.7	22.4	19.6	0.3	1.3	3.1	15.8
Construction	243.9	240.8	239.9	3.1	1.3	4.0	1.7
Manufacturing	134.4	129.8	121.3	4.6	3.5	13.1	10.8
Services-producing sector	1,715.5	1,725.6	1,711.6	-10.1	-0.6	3.9	0.2
Trade	329.7	336.0	335.5	-6.3	-1.9	-5.8	-1.7
Transportation and warehousing	138.0	137.7	139.8	0.3	0.2	-1.8	-1.3
Finance, insurance, real estate and leasing	108.1	111.8	110.3	-3.7	-3.3	-2.2	-2.0
Professional, scientific and technical services	182.0	179.5	173.9	2.5	1.4	8.1	4.7
Business, building and other support services	82.1	82.2	75.9	-0.1	-0.1	6.2	8.2
Educational services	159.2	160.9	159.4	-1.7	-1.1	-0.2	-0.1
Health care and social assistance	275.2	275.9	276.3	-0.7	-0.3	-1.1	-0.4
Information, culture and recreation	76.2	78.1	74.4	-1.9	-2.4	1.8	2.4
Accommodation and food services	145.9	148.8	148.4	-2.9	-1.9	-2.5	-1.7
Other services	111.6	109.7	117.7	1.9	1.7	-6.1	-5.2
Public administration	107.4	104.9	99.9	2.5	2.4	7.5	7.5

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0088

Alberta's resource extraction industries (forestry, fishing, mining, quarrying, and oil and gas) gained about 11,000 positions year over year, with most increases occurring in the oil and gas sub-sector. Nevertheless, at 152,700, combined employment in these industries remains well below the 183,000 posted in September 2014. Some economists now believe that at least some of those lost jobs will never return.[4]

Despite Alberta's economy being large and diversified, oil remains the lifeblood that sustains it. Arguably then, global developments in oil and gas should bode well for the province. WTI, North America's benchmark crude which fetched $51 U.S. per barrel in 2017, is trading above $70 at the time of writing. OPEC supply cuts are propping up prices, with OPEC members showing great discipline in sticking to their targets. Worldwide, geopolitical tensions are elevated, with oil prices set to rise under many possible scenarios. In the U.S., crude output is at an all-time high, and oil exports overseas – which were all but non-existent a few years ago – are booming.

However, the exuberance in Texas is not being mirrored in Alberta's oil patch. This is primarily because Canadian firms have been hard hit by pipeline constraints which lower earnings when transportation costs rise. The issue worsened during early 2018, as the Keystone line was forced to operate at reduced capacity following a spill last November. In response, major producers Cenovus and CNRL reduced output, lowered exports, and increased temporary storage.

Instead of investment funding pouring into the province in response to higher prices, capital spending in Alberta is now expected to fall for the fourth year in a row. In this context, the Kinder Morgan Trans Mountain expansion project has taken on great symbolic importance, despite representing much less additional capacity than either of the two prospective U.S.-bound pipelines. With respect to the latter, Enbridge's Line 3 replacement project – which spans 1,650 kilometres from Alberta to Wisconsin – awaits a decision in Minnesota in June.[5] Meanwhile, in Nebraska, TransCanada is upping its offer to landowners situated along the court-recommended alternate route for Keystone XL.[6]

While U.S. drillers continue to ramp up, shale and tight-oil plays located in the Grande Prairie/Fox Creek area are following suit. In fact, compared to March 2017, oil production in Alberta was up 12.0% in March (the most recent data available). Non-conventional (or oil sands) production accounted for about 85% of all oil production in the province that month. Production of non-conventional oil was up 12.1%, while production of conventional oil increased by about the same amount.[7]

Looking at Alberta's other goods-producing industries, year over year employment gains were seen in all sectors. Construction employment may take a hit this year however, as major project work continues to scale back and the inventories of unsold new condominiums in Calgary and Edmonton remain high.[8] Meanwhile, the manufacturing industry saw job gains in fabricated metal products due in large part to strong demand for custom drilling equipment.

Turning to the services-producing sector, significant annual employment gains were seen in professional, scientific, and technical services (+8,100), in particular in management and technical consulting. Business, building and other support services added 6,200 jobs on the year, with the largest gains coming in such maintenance areas as pest control and janitorial services.

Employment in the accommodation and food services industry decreased by 2,500 on the year, with what job gains there were served up at restaurants and bars. Employment in the broader industry peaked at about 158,000 in February 2015 but has yet to return to that level. Although international tourism has picked up in Calgary and the resort communities of Jasper and Banff, the steep drop in business travel and in convention spending continues to weigh on Alberta's hotel industry.

After a considerable buildup throughout the provincial recession, hiring in the public sector has eased. On an annual basis, employment in both educational services and health care and social assistance declined in April. However, public administration saw substantial hiring on the year (+7,500), primarily by the provincial government.

REGIONAL ANALYSIS

Over the past year, employment increased in six of seven Alberta regions. On a percentage basis, Camrose-Drumheller led the province in job growth (+6.9%), followed by Red Deer, and then Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River.

Alberta Monthly Labour Force Statistics, by Economic Region

3-Month Moving Averages Seasonally Unadjusted Data	Employment			Unemployment Rate		
	April 2018 ('000)	April 2017 ('000)	Yearly Variation (%)	April 2018 (%)	April 2017 (%)	Yearly Variation (% points)
Alberta	2,304.2	2,258.2	2.0	6.7	8.7	-2.0
Economic Regions						
Lethbridge-Medicine Hat	142.1	142.8	-0.5	6.0	6.8	-0.8
Camrose-Drumheller	105.2	98.4	6.9	4.0	9.6	-5.6
Calgary	891.2	870.9	2.3	7.5	9.0	-1.5
Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River	191.2	181.8	5.2	5.9	7.3	-1.4
Red Deer	115.7	109.7	5.5	5.1	9.7	-4.6
Edmonton	774.2	773.4	0.1	6.8	8.6	-1.8
Wood Buffalo-Cold Lake	84.6	81.4	3.9	6.0	8.6	-2.6

Note: Totals may not add due to rounding

Source: Statistics Canada Labour Force Survey – CANSIM Table 282-0122

In Lethbridge-Medicine Hat, employment fell 0.5% compared to April 2017, with the unemployment rate down 0.8 percentage points. Employment in the oil and gas extraction industry, which has been something of a bright spot, was essentially unchanged on the year. Looking ahead, the City of Medicine Hat is anticipating $250M in new industrial development over the next 18 months following recent company announcements from Aurora Sun (cannabis production) and Hut 8 (bitcoin mining).[9] In the aftermath of last fall's Kenow wildfire, Parks Canada will build a new $7.6 million visitor centre in Waterton Lakes National Park. Construction is scheduled to start next year, with the opening planned for 2021.

Year over year, employment increased 6.9% in Camrose-Drumheller in April. Survey results suggest that the area's unemployment rate plummeted 5.6 percentage points as well. On the goods-producing side, job gains in oil and gas offset a decline in construction employment. In the services-producing sector, hiring was seen in the transportation and warehousing industry. WestJet Link, a new feeder service connecting smaller communities to WestJet's Calgary hub, will begin flights to and from Lloydminster as of June 2018.

While overall employment increased in Banff-Jasper-Rocky-Mountain House and Athabasca-Grande Prairie-Peace River, the area saw a pullback in oil and gas extraction jobs compared to April 2017. This may have been related to local conditions and an earlier spring thaw as parts of Alberta and B.C. experienced an unusual

amount of overland flooding this April. Generally speaking, oil and gas activity in the Grande Prairie/Fox Creek has been on a tear, despite low prices for the natural gas portion. To the south, the tourism centres of Banff and Jasper enjoyed another banner year in 2017. Based on that experience, the Banff & Lake Louise Tourism Association plans to target four niche markets, namely the ski, adventure, wellness, and food tourism markets.[10]

Red Deer enjoyed healthy job growth in April (+5.5%). Moreover, at 5.1%, Red Deer's unemployment rate was the second lowest province-wide. On the goods-producing side, job gains were led by agriculture and oil and gas extraction, while on the services-producing side, employment growth was strongest in wholesale and retail trade. Looking ahead, Gen III Oil Corporation is hoping to build Alberta's first full-scale "re-refinery" of used motor oil in conjunction with a subsidiary of Red Deer-based Parkland Fuels. The project is to be located on a brownfield site in Bowden, with convenient access to rail services.

To the northeast, Wood Buffalo-Cold Lake's Fort McMurray has resumed its role as the services centre for Alberta's oil sands. In April, employment in the Wood Buffalo-Cold Lake region stood at 84,600, up 3.9% on the year. Over the same period, the regional unemployment rate declined 2.6 percentage points to 6.0%. In Fort McMurray, construction is underway on the $110 million Willow Square Continuing Care Centre. The work is expected to support about 240 jobs through to the centre's opening in spring 2020. Recently, the Mikisew Cree First Nation and Fort McKay First Nation invested a combined $500 million to secure a 49-per-cent share of the Suncor East Tank Farm storage terminal north of Fort McMurray. The deal will deliver revenue streams to the participating First Nations for 25 years.

Employment in the Edmonton region was unchanged from April 2017 (+0.1%). Job growth across much of the goods-producing sector managed to offset job losses in most private sector services-producing industries. The region's unemployment rate fell 1.9 percentage points as the number of people working or looking for work (the labour force) also declined on the year. Even with the Redwater Sturgeon refinery – Canada's first new Refinery in 30 years – now up and running, Alberta's Industrial Heartland is looking at still more major project development. In 2018, Calgary-based Inter Pipeline will begin work on its $3.5 billion Heartland Petrochemical Complex. The project, which is expected to create 13,000 direct and indirect jobs over four years, typifies current efforts to diversify Alberta's economy.

At 2.3%, overall employment growth in Calgary outpaced that Edmonton, with very strong job gains seen in the goods-producing sector. At the same time, significant employment gains were seen in two services-producing industries: wholesale and retail trade; and business, building and other support services. While Calgary's unemployment remains the highest in the province at 7.5%, labour force growth and other labour market indicators were far healthier than in Edmonton to the north.

In major project news, work continues on the new Calgary Cancer Centre. The $1.4B facility is set to open in 2023 and will support 1,500 construction jobs over the next five years. In Balzac, 25 kms north of the City of Calgary, Amazon is building a distribution warehouse with construction starting this fall. The project is expected to generate 150 construction jobs and 750 full-time positions upon completion. Meanwhile, the Government of Alberta has committed $21.7M in new money to build 170 affordable housing units in Calgary. The province is also spending $52M to maintain seniors' and affordable housing this year.

Note: *In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.*

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For information on the Labour Force Survey*, please visit the Statistics Canada Web site at: www.statcan.gc.ca*

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[1] Statistics Canada, CANSIM Table 281-0049; Payroll employment, earnings and hours, February 2018. Accessed May 11, 2018 http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2810049

[2] Statistics Canada, CANSIM Table 276-0022; Employment Insurance program (EI), beneficiaries receiving regular income benefits by province, declared earnings, sex and age, seasonally adjusted, February 2018. Accessed May 9, 2018 http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2760022

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